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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 003838

SIPDIS

DOT, SINGAPORE, TOKYO ALSO FOR FAA

E.O. 12958: DECL: 08/19/2015

TAGS: [FAIR RP](#)

SUBJECT: AIR TRAFFIC CONTROLLER SHORTAGE RAISES SAFETY CONCERNS

REF: MANILA 3760 NOTAL

Classified By: ECONOMIC COUNSELOR ROBERT LUDAN. REASON 1.4 B AND D.

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SUMMARY  
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1. (C) Civil aviation officials admitted a 44% deficiency in air traffic controllers nationwide and blamed government restrictions on hiring new personnel and adjusting salary levels for the recent work slowdowns and threatened strike. Despite resource constraints and lack of autonomy, civil air officials are taking some steps to address both the air controllers' sources of unhappiness and any potential for heightened safety risks. Embassy will stress the need to meet international civil aviation standards and continue to monitor the situation. End Summary.

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Directives Against Hiring and OT Cause Labor Strain  
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2. (C) Following up on reports of a looming air traffic controller strike (reftel), Embassy officers met with Department of Transport and Communications (DOTC) Undersecretary Ed Pagunsan, in charge of Air Operations, on August 17. Pagunsan confirmed that the air traffic controllers (ATC) had initiated several slowdowns and threatened to strike to underscore their demands for higher pay and shorter working hours. The President's Office circulated a directive earlier this year that imposed a hiring freeze and prohibited replacing workers who had retired or vacated their positions. As a result, ATCs were forced to work more overtime shifts. Pagunsan said the ATCs were occasionally working up to 16 hours at a time. The controllers were even more disgruntled by another government directive that prohibited overtime pay. Pagunsan said he sympathized with the controllers, but his hands were tied by these government constraints. The Philippine Air Traffic Controllers Association (PATCA) was asking for the "occupational specialty pay" of 50% differential granted to government airline pilots but were refused because it would raise their salaries above that of the DOTC Secretary. Controllers are not allowed to form a union that negotiates pay and strikes are illegal, but they are allowed to form an association.

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ATO Needs Autonomy and Control of Resources  
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3. (C) Pagunsan estimated that the Air Transportation Office (ATO) had only two-thirds as many air traffic controllers as it needed. He wanted at least 900 controllers countrywide, but the government's financial problems prevent DOTC from hiring a full complement of ATCs. DOTC is the third largest revenue generator in the country after the Bureau of Internal Revenue and the Bureau of Customs, he said, but the millions of dollars earned by departure and landing, overflight, and license fees must all be remitted to the Treasury. DOTC and the ATO must submit funding requests each year through the government budget process and cannot retain and use any of the money they collect to improve or expand services. Pagunsan said the problem would be solved with the passage of a Civil Aviation bill that is stalled in Congress at present. The bill upgrades the ATO to an independent Civil Aviation Authority and gives it autonomy over resources and spending.

4. (C) In a meeting August 18, ATO Assistant Secretary Nilo Jatiko confirmed that there were too few air traffic controllers (ATC) in the Philippines. He said Manila had 300 ATCs but needed about 400, and another 600 for the rest of the country. Jatiko showed Econoff an independent study he commissioned on the issues facing air traffic controller stations in the country. Although the report is confidential and could not be released, the Executive Summary stated there was a 44% deficiency in the number of ATCs countrywide. He admitted that some of his controllers were leaving the Philippines to work in much higher-paying jobs in the Middle East and Asia. Although he successfully persuaded ten of twenty controllers who were retiring or emigrating this to

stay on their jobs, he asked for additional money to hire and train many new controllers this year.

15. (C) Jatico said he pre-empted several work slowdowns over the past weekend. Controllers must agree to work anywhere in the Philippines when they are hired, so he has the prerogative to move them around the country at will. When four controllers tried to create a severely understaffed control tower by overlapping their leave plans, he brought in retired ATOs ahead of time to fill their positions. Afterward, he removed the disruptive ATCs and put them on probation. For future contingencies, Jatico said he was training air force personnel in civil air control procedures. Although Jatico was unwilling to address most of PATCA's complaints regarding pay and benefits, he spoke to the President directly to obtain an exemption from the government to allow overtime pay for ATCs, he said.

16. (SBU) Northwest Airline General Manager Todd Anderson told EconCouns in a meeting August 17 that his pilots had not reported anything amiss with traffic control procedures. He said his pilots and air crew would be the first to identify a problem and report it, though he agreed Northwest flights were high profile and may receive priority treatment.

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COMMENT  
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17. (C) Other offices and agencies within the Embassy told us they cannot confirm any degradation in air traffic control services at this time. Although the potentially higher safety risks arising from overworked and disgruntled air traffic controllers may not require urgent action, it is important for the Philippines to address the shortage in the near term. Embassy will encourage passage of a civil aviation law that gives an independent entity the freedom to hire and train the requisite number of air traffic controllers. We will continue to monitor the situation, keep in contact with FAA and U.S. airline reps, and use opportunities with high level officials, including the DOTC Secretary, to stress the need to maintain or exceed

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international standards in all areas of civil aviation.  
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